

## **Deputy Leader**

**Venue: Town Hall, Moorgate  
Street, Rotherham. S60  
2TH**

**Date: Monday, 10 September 2012**

**Time: 9.30 a.m.**

## **A G E N D A**

1. To determine if the following matters are to be considered under the categories suggested in accordance with the Local Government Act 1972.
2. To determine any item which the Chairman is of the opinion should be considered as a matter of urgency.
3. Minutes of the Previous Meeting held on 2nd July, 2012 (herewith). (Pages 1 - 4)
4. Annual Fraud Report 2011/12 (report herewith) (Pages 5 - 14)
5. Employee Benefits (report herewith) (Pages 15 - 17)
6. Localism Act Update (report herewith) (Pages 18 - 24)
7. Benchmarking Review (Matt Gladstone, Director of Commissioning, Policy and Performance, to report)
8. Procurement (Matt Gladstone, Director of Commissioning, Policy and Performance, to report)
9. Cabinet Reports (Directors to report).
10. Members' Issues (Directors to report).
11. RBT Service Reviews - Update (Officers to report)
12. Exclusion of the Press and Public.  
The following item is likely to be considered in the absence of the press and public as being exempt under Paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended March 2006 – information relates to finance and business affairs).

13. Relocation and Re-Procurement of Network Links - Exemption from Standing Orders (report herewith) (Pages 25 - 27)
  
14. Date and Time of the Next Meeting - Monday, 8th October, 2012 at 9.30 a.m.

**DEPUTY LEADER  
2nd July, 2012**

Present:- Councillor Akhtar (in the Chair) along with Councillors Gosling.

An apology for absence was received from Councillor Sims.

**N11. MINUTES OF THE PREVIOUS MEETING HELD ON 28TH MAY, 2012**

Resolved:- That the minutes of the meeting held on 28<sup>th</sup> May, 2012 be approved as a correct record.

**N12. MEMBERSHIP OF OTHER BOARDS, STEERING GROUPS AND SUB-GROUPS AND WORKING PARTIES**

Consideration was given to the membership of the Groundworks Trusts Panel which currently consisted of:-

Deputy Leader - Councillor Akhtar, (Chair)  
Councillor Sharman  
Cabinet Member for Culture and Tourism - Councillor Rushforth  
Senior Adviser, Culture and Tourism - Councillor Andrews  
Cabinet Member for Regeneration and Development - Councillor Smith  
Senior Adviser, Regeneration and Development - Councillor Clark  
Cabinet Member for Health and Wellbeing - Councillor Wyatt  
Cabinet Member for Waste and Emergency Planning - Councillor R. S. Russell  
Councillor Swift, (Director Groundwork Creswell Ashfield and Mansfield)  
(subs: Councillor Whysall) – appointed by Improving Places Select Commission  
Councillor Wright, (Director Groundwork Dearne Valley)

Resolved:- That the current membership be maintained and approved.

**N13. LEGAL SERVICES - LEXCEL INSPECTION**

Consideration was given to a report presented by Jacqueline Collins, Director of Legal and Democratic Services, which provided details on the forthcoming Practice Management Inspection of the Legal Services section.

The Legal Services section was awarded Lexcel accreditation in 2005, which was the professional solicitors' practice standard award of the Law Society.

The scheme set a quality standard for both private practice and in-house solicitors and provided a framework for ensuring timely and good quality advice and supported performance management.

Having a robust external inspection of Rotherham's in-house legal advice would help to ensure that in-house clients continued to receive a high quality and professional legal service and also place the service in an strong position when considering providing shared legal services with other South Yorkshire authorities.

The next full inspection was to take place during July and preparations were underway to ensure continuation of the accreditation.

Resolved:- That the forthcoming inspection be noted.

#### **N14. CYPs COMMISSIONING PRIORITIES 2012/13**

Consideration was given to a report presented by Chrissy Wright, Strategic Commissioning Manager, which set out the advised commissioning priorities for Children and Young People's Services for 2012/13, which were identified by the members of Children and Young People's Services Directorate Leadership Team (DLT).

The report set out in detail the priority, the responsible officer, timeline and progress and the accompanying risk matrix was being developed to support the achievement of priorities through mitigation of identified risks.

Further information was provided on the development of the Multi-Agency Support Panel, which had resulted in cost avoidance of over £3 million, commissioning of a specialist provider for Looked After Children (LAC) for more intensive step up support achieving a reduction in spend for each placement; the development of a framework for Independent Fostering Agencies (IFAs) to deliver high quality provision and achieve financial efficiencies of £80,000; a sub-regional commissioning approach for justice restorative work and a regional approach to procurement of a preferred partner for Looked After Children out of authority residential care, leveraging the market to achieve efficiencies on the highest cost placements for the authority.

The listed strategic commissioning priorities have had further inclusions throughout 2012/13 and a more recent addition of a review to identify opportunities for a partner for Habershon House outdoor education centre. The resource capacity to deliver these priorities would be assessed on an ongoing basis and there may be a need to review timelines to accommodate the high number of complex priorities.

Other areas of work are also being undertaken in strategic commissioning such as the eMarketplace - Connect to Support Rotherham and achievement of financial efficiencies of £2.2 million across the Resources Directorate which were not reported in with the Children and Young People's Services priorities, but were captured in the Strategic Commissioning Children and Young People's Services team plan.

Discussion ensued on whether this report had been considered further by the relevant Cabinet Member with responsibility, the seeking of a delivery partner for Haberson House and whether the commissioning of services to schools had also been reviewed.

Resolved:- That the CYPs Strategic Commissioning priorities identified for 2012/13 be noted.

[2] That further update reports on the progress of achieving the commissioning priorities be received.

**N15. RESOURCES PERFORMANCE REPORT FOR APRIL 2012**

Consideration was given to a report presented by Anne Hawke, Performance and Improvement Manager, which summarised the performance by the former RBT and the Resources Directorate against current measures and key service delivery issues during April, 2012 across the areas of:-

- Customer Access.
- Human Resources and Payroll.
- ICT.
- Procurement.
- Revenues and Benefits.

The Resources Directorate was currently in the process of determining its key priorities and service plans for 2012/13. Once completed, regular updates on progress and performance would be provided in all areas including the former RBT service, although further consideration in the wider context would need to be given to customer access given that this responsibility now lay with Environment and Development Services.

Full details of performance against operational measures for April, 2012 for all workstreams were set out in detail as part of the report and further explanations provided on various matters.

Discussion ensued on some ICT issues that had caused a few problems arising from the data centre migration from Civic Building to Riverside House.

Resolved:- That the very good service performance achieved against key measures be noted.

**N16. CABINET REPORTS**

Consideration was given to the agenda which had been circulated for the meeting of the Cabinet on the 4<sup>th</sup> July and the contents noted.

Reports which were planned to be submitted to the forthcoming meeting of the Cabinet on the 18<sup>th</sup> July, 2012 included:-

Localisation of Council Tax Support.  
Localisation of Business Rates.  
Local Government Pension Scheme – Revised Proposals.

Resolved:- That the information be noted.

**N17. MEMBERS' ISSUES**

Updates were provided on the following:-

- End of year accounts for 2011/12, which were published on the internet on Friday, 29<sup>th</sup> June, 2012. Members of the public would be given the opportunity to raise any objections before the accounts were externally audited by KPMG. The accounts were to be submitted to the Audit Committee on the 18<sup>th</sup> July, 2012.

- A briefing note was to be provided on single person discount review that was currently being undertaken. The next stage would involve information being forwarded to claimants and for their details to be verified within twenty-one days. For those that did not reply, a further letter would be sent giving a further twenty-one days to provide the evidence that they were eligible for a discount.
- The Code of Conduct that had been presented to Cabinet and Council would be subject to approval by the Leader, Deputy Leader and Leader of the Opposition before the new Standards Committee was progressed further. All Parish Councils had also been written to ascertain if they wished to participate with the dealing of complaints by the Standards Committee, but the response was limited. A further letter would be sent to all Parish Councils asking if they wished to access this support.
- An issue had been brought to the attention of relevant officers about the inclusion of the Register of Interests for each Councillor on the website. An error had occurred, which was rectified within twenty-four hours. Close scrutiny of this area of the website was recommended.

**N18. DATE AND TIME OF THE NEXT MEETING - MONDAY, 10TH SEPTEMBER, 2012 AT 9.30 A.M.**

Resolved:- That a further meeting be held on Monday, 10<sup>th</sup> September, 2012 at 9.30 a.m.

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO DEPUTY LEADER</b>
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<b>1.</b>	<b>Meeting:</b>	<b>Deputy Leader</b>
<b>2.</b>	<b>Date:</b>	<b>10 September 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Annual Fraud Report 2011/12</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources</b>

## **5. Summary**

The purpose of the attached Annual Fraud Report 2011/12 is to bring together in one document a summary of the work which has taken place in the period to prevent and detect fraud and corruption. By publicising the report we aim to show the Council's commitment to minimising the risk of fraud and deter any would-be fraudsters.

It should be noted that the incidence of fraud remains very low in overall terms, taking into account the Council's activities and spending. General fraud cases (excluding benefits) exceeding £10,000 are required to be reported to the Audit Commission and there were none of these in 2011/12.

The Council investigated 1,393 potentially fraudulent Housing and Council Tax Benefit cases, obtained 32 prosecutions and issued 201 cautions and penalties.

The Council recovered £2.52m overpayments of benefits (£2.45m in 2010/11). These are mainly as a result of changes in circumstances but also include fraudulent claims. Amounts recovered are used in delivering front line services for the benefit of Rotherham residents.

The report was presented to the Audit Committee in July and received support from the Committee

## **6. Recommendations**

**The Deputy Leader is asked to:**

- **Support the production of the Annual Fraud Report 2011/12**
- **To agree to appropriate publicity being produced to highlight the outcomes from the Council's anti-fraud activity and to act as a deterrent to fraud.**

## 7. Proposals and Details

Attached at **Appendix A** is a draft annual fraud report for 2011/12. By agreeing the contents and distribution of the report, the Audit Committee will be supporting an important aspect of the Council's Anti-Fraud & Corruption Strategy. The purpose of the report is to raise awareness and inform our stakeholders of the work the Council undertakes to manage the risk of fraud and corruption. It brings together in one document a summary of the outcomes of our work to prevent and detect fraud and corruption.

There were 9,036 Housing and Council Tax Benefit overpayments made in 2011/12 (8,880 in 2010/11). This is only a very small proportion of the payments made and most of these overpayments were not fraudulent; they mostly arose when claimants advised the Council of changes in circumstances after these had occurred, resulting in a future adjustment being required. However, they also include fraudulent cases and in 2012/13 the Council completed investigations in to 1,393 suspicious overpayment cases (895 in 2010/11). The Service obtained 32 successful prosecutions for Housing and Council Tax Benefit Fraud (25 in 2010/11). The Council also issued 108 formal cautions (107 in 2010/11) and 93 administrative penalties (84 in 2010/11).

Other outcomes included:

- Recovering over £2.52m paid out in overclaimed or fraudulent housing and Council Tax benefit claims (£2.45m in 2010/11).
- Claiming Government subsidy totalling £1.17m as a result of the Council's identification of overpayments (£1.19m in 2010/11).
- Identifying savings of over almost £9,000 following investigations led by Internal Audit into a small number of cases highlighted by the Audit Commission's National Fraud Initiative. These savings related principally to false Benefit Claims.

## 8. Finance

Any costs associated with publicising the outcomes achieved in the year can be contained within budget. Publication of positive outcomes can enhance the Council's reputation and deter fraud and corruption against the Council.

## 9. Risks and Uncertainties

Failure to maintain robust arrangements for the prevention and detection of fraud and corruption increases the risk of loss to the Council from fraudulent activity.

## 10. Policy and Performance Agenda Implications

The production and distribution of the Annual Fraud Report 2011/12 will contribute towards good governance.

## 11. Background Papers and Consultation

"National Fraud Initiative 2010/11" [Audit Commission]

"Fighting Fraud Locally" [National Fraud Authority]

### Contact Names:

Colin Earl, Director of Internal Audit and Asset Management, x22033

Steve Pearson, Audit Manager, x23293

### Appendices:

**Appendix A - Annual Fraud Report 2011/12**



# **Appendix A**

**ROTHERHAM MBC**

**ANNUAL FRAUD REPORT 2011/12**

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## 1. INTRODUCTION

**Rotherham Council has a zero tolerance to fraud and corruption**

This fraud report is produced by Rotherham Council to raise awareness of the work the Council undertakes to manage the risk of fraud and corruption. It brings together in one document a summary of the outcomes of our work to prevent and detect fraud and corruption.

Since the publication of our first annual fraud report in 2008/09 the economic position nationally has worsened. In such an economic climate the importance of minimising the risk of fraud is increased. We might expect to see an increased risk of losses through fraud and corruption as individuals and organisations get into financial difficulty. The Audit Commission publication "Protecting the Public Purse 2011" showed the level of detected fraud increased by 35% from £135m in 2009/10 to £185m in 2010/11, and estimated the total cost of fraud against local authorities at more than £2 billion a year.

It is important, therefore, that we maintain our guard in this respect, as any public sector body can ill afford to suffer losses of this nature when our budgets are so constrained.

Rotherham Borough Council (including schools) employs 11,000 people and provided services costing £636 million (gross expenditure) in 2011/12. It paid over £102 million to over 30,000 Housing and Council Tax Benefits claimants. Like any organisation of this size, the Council can be vulnerable to fraud and corruption, both from within and outside the organisation. The Council aims to minimise its risk of loss due to fraud and corruption, recognising that any loss incurred may be borne by the honest majority.

The Council's commitment to minimising the risk of fraud and corruption is outlined in the following extract from its Anti-Fraud & Corruption Policy:

*"The Council is determined to prevent and eliminate all fraud and corruption affecting itself, regardless of whether the source is internally or externally based. Our strategy to reduce fraud is based on deterrence, prevention, detection, investigation, sanctions and redress within an over-riding anti-fraud culture. We will promote this culture across all our service areas and within the community as a whole. One pound lost to fraud means one pound less for public services. Fraud is not acceptable and will not be tolerated".*

## 2. PERFORMANCE SUMMARY FOR 2011/12

In 2011/12, the Council recovered £2.52m in overpayments of Housing and Council Tax Benefits made as a result of fraud or overclaims (£2.45m in 2010/11). The Council also received Government subsidy totalling £1.17m (£1.19m in 2010/11) as a result of the Council's identification of overpayments.

Any amounts recovered / claimed are used in delivering front line services for the benefit of residents of Rotherham.

There were 9,036 Housing and Council Tax Benefit overpayments made in 2011/12 (8,880 in 2010/11). This is only a very small proportion of the payments made and most of these overpayments were not fraudulent; they mostly arose when claimants advised the Council of changes in circumstances after these had occurred, resulting in a future adjustment being required. However, they also include fraudulent cases and in 2012/13 the Council completed

investigations in to 1,393 suspicious overpayment cases (895 in 2010/11). The Service obtained 32 successful prosecutions for Housing and Council Tax Benefit Fraud (25 in 2010/11). The Council also issued 108 formal cautions (107 in 2010/11) and 93 administrative penalties (84 in 2010/11).

Investigations of cases highlighted by the Audit Commission's 'National Fraud Initiative', led by the Council's Internal Audit Service, identified savings of almost £9,000.

There were 9 successful prosecutions made against fraudulent blue badge permit users.

There were no general cases exceeding £10,000 that needed to be reported to the Audit Commission in 2011/12.

### **3. THE COUNCIL'S ARRANGEMENTS FOR MANAGING THE RISK OF FRAUD & CORRUPTION**

The Council's primary aim remains to stop fraud from occurring. During 2011/12 the Council revised its Anti-Fraud and Corruption Strategy, completed an overall review of its arrangements for managing the risk of fraud and corruption, and completed a number of practical measures to strengthen our arrangements.

In particular the Council adopted the requirements of the Bribery Act, 2010 and the recommendations of the new government backed "Fighting Fraud Locally" strategy and the Audit Commission publication "Protecting the Public Purse 2011".

Implementation of the strategy involves all managers and officers although certain services have particular roles to play in the proactive prevention of fraud. These include Internal Audit, the Benefits Fraud Team, which deals with Housing Benefit fraud, the Blue Badge Enforcement Team, Trading Standards and HR officers. All of these teams have a vital role to play in the deterrence, detection and investigation of fraud.

#### **3.1 INTERNAL AUDIT**

The Council's Internal Audit Team has a crucial role in helping the Council to deter, detect and investigate fraud and corruption. Internal Audit has a Lead Auditor for anti-fraud work who holds the CIPFA Certificate in Investigative Practice.

The Council experiences only a very small number of frauds, taking into account the size and complexity of the organisation. Any suspected frauds that arise are referred to Internal Audit for investigation. During the year IA were involved in a small number of investigations, including two which led to the recovery of over £3,000 and the resignation of two officers.

#### **3.2 HOUSING AND COUNCIL TAX BENEFITS**

##### **Overpayments**

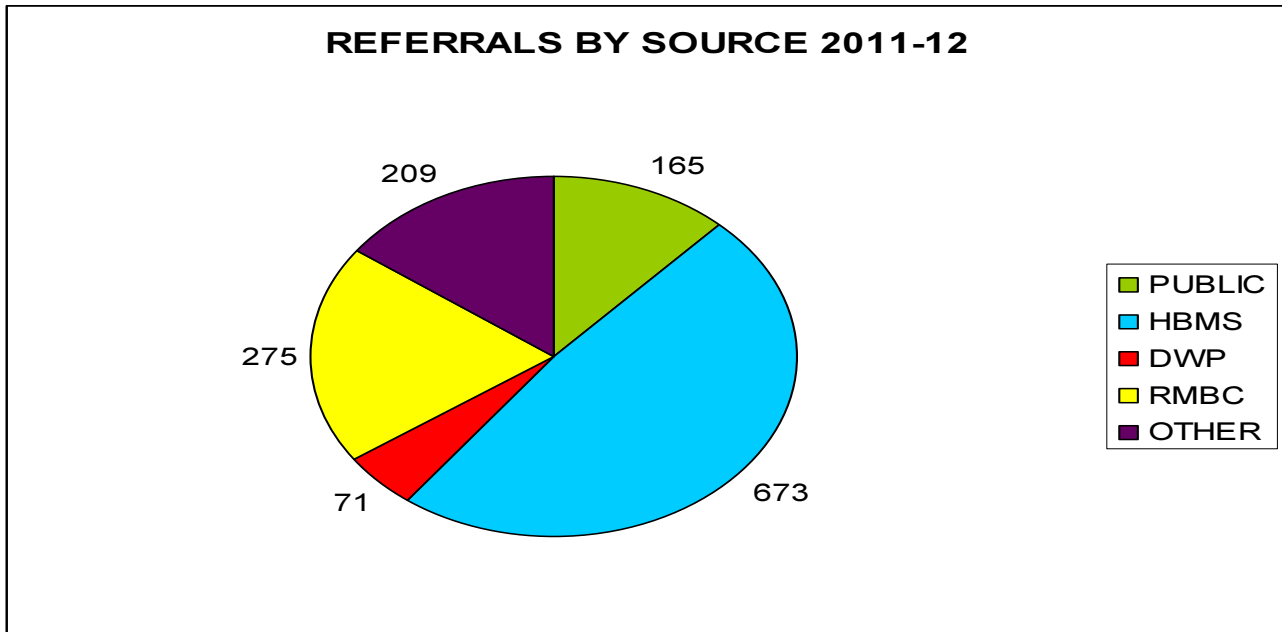
The Council recognises that many overpayments can and do occur when claimants inform the Council of changes in circumstances after they have occurred. These can be quickly adjusted and in most cases do not warrant any further action. A minority of claims are, however, deliberately intended to enable claimants to falsely claim benefits. Where these occur the Council takes robust action to hold the claimants to account and to recover any fraudulent overpayments made.

Benefits Fraud

The Council has a Benefits Fraud Team which investigates potentially fraudulent benefit claims received by the Authority.

The Team receives referrals from many sources. The Public, for example, referred 165 of the cases closed in 2011/12, with many referred through the Fraud Hotline. Referrals are also received from the Department for Work and Pensions (DWP) and the Housing Benefit Matching Service (HBMS). Chart 1 shows a breakdown of all 1,393 referrals where investigations were closed in 2011/12.

Chart 1: Source of referrals closed by Benefits Fraud Team in 2011/12



Source: Benefits Fraud Team

As a result of its work, the Council:

- Recovered over £2.52m in fraudulent or overclaimed housing and Council Tax benefit claims (£2.45m in 2010/11).
- Claimed Government subsidy totalling £1.17m as a result of the Council’s identification of overpayments (£1.19m in 2010/11).

The proportion of 2011/12 overpayments recovered in the year by Rotherham Council was 50.37% (53.47% in 2010/11), exceeding our local performance target of 41%.

Two examples of cases investigated by the Benefits Fraud Team are provided below.

**Case Study 1**

Information was received from the Public that a resident had wrongly claimed Housing and Council Tax Benefit on the basis that she was a single person and had failed to declare that her husband had been living in her property. As a result of the investigation, the resident’s claim was cancelled and it was established that she had fraudulently claimed over £9,500 in Housing Benefit and £3,200 in Council Tax Benefit. At a hearing in December 2011 at Rotherham Magistrate’s Court the claimant was found guilty and given a 10 week custodial sentence.

**Case Study 2**

A joint investigation was carried out by the Council and the Department for Work & Pensions into a case where a claimant had fraudulently claimed Housing and Council Tax benefit of over £6,700 and DWP benefits of over £23,400 over a period of ten years. The case was heard in Sheffield Crown Court where the claimant pleaded guilty to the offences as charged and subsequently sentenced to 6 months imprisonment.

The performance of the Benefits Fraud Team is also partly measured in terms of the number of sanctions<sup>1</sup> achieved in the year. The Team's target for 2011/12 was to achieve 125 sanctions for the year. Actual performance was 233 sanctions. Results over the last four years show how the service has improved its performance, see Table 1.

Table 1: The Number of sanctions achieved by the Housing Benefits Fraud Team – 2008/09 to 2011/12

Year	Formal Cautions	Administrative Penalties	Successful Prosecutions	Total Sanctions
2008/09	48	56	36	140
2009/10	68	80	36	182
2010/11	107	84	25	216
2011/12	108	93	32	233

### Housing Benefit Matching Service

During 2011/12 the service received 1,416 referrals from the Department for Work & Pensions' (DWP) Housing Benefit Matching Service, which highlights discrepancies between DWP and RMBC records. On investigation of these referrals, 191 cases resulted in Housing Benefit Overpayments (totalling £171,220) and 219 cases resulted in Council Tax Benefit Overpayments (totalling £63,103). A total of 618 cases were referred for investigation to the Council's Benefits Fraud Section.

### 3.3 NATIONAL FRAUD INITIATIVE

#### Background

The National Fraud Initiative (NFI), currently run by the Audit Commission, matches electronic data within and between public sector organisations to highlight potentially fraudulent activity. Organisations participating include police authorities, insurance brokers, the student loan authority, local probation boards, pension authorities and fire and rescue authorities, as well as local councils.

The initiative works by comparing different sets of data, like payroll and housing benefits records, and flagging unusual combinations such as any person claiming housing benefits from more than one local authority or any person claiming housing benefits while failing to disclose his / her employment. The organisations taking part receive a report on these potentially unusual matches, which they can then investigate to determine the existence of any fraud or error. The NFI has helped participants find record levels of fraud, overpayment and error.

<sup>1</sup> A sanction can be a formal criminal prosecution, a formal caution or an administrative penalty.

The Council found £8,850 from the most recent matching exercise investigated in 2010/11 and 2011/12. This was made up of false Benefit claims and Payroll and other investigations. See Table 2 below.

Table 2 Summary of fraud and overpayments – NFI 2010/11

Type of fraud and overpayment	No. of cases	Totals [£]
Benefit Fraud Investigations	3	6,548
Payroll and other investigations	2	2,302
<b>Total</b>	<b>5</b>	<b>8,850</b>

Case Study 3, below, shows an example of a case concluded following investigation of an NFI Report.

**Case Study 3**

An NFI match indicated a claimant had incorrectly claimed Council Tax Single Person’s Discount at their current and previous address. Following investigation and interview, the claimant confirmed this had been the case and a total of £1,010 was repaid to the Council.

**Blue Badges**

Also during the year, there were 9 successful prosecutions made against fraudulent permit holders.

**4 KEY PRIORITIES FOR 2012/13**

The Council’s anti-fraud priorities for 2012/13 include:

- Continued participation in the current National Fraud Initiative [NFI]
- Reviewing new NFI initiatives, notably the availability of real time auditing and batch processing
- Specific fraud related reviews throughout the Council, including a review of payments to the independent sector for adult social care
- Keeping abreast of the National Fraud Authority’s evolving “Fighting Fraud Locally” Strategy and the implications and opportunities for developing anti-fraud work
- Developing further the Fraud Strategy and work in respect of the Bribery Act 2010
- Providing training, advice and guidance
- Production of a fraud risk assessment to focus resources on potential vulnerabilities
- Liaison with other neighbouring Councils in developing good practice.

The Council will shortly be employing an organisation to validate Council Tax Single Persons’ Discount claims. Checks will include new sources of information including credit applications. It is anticipated that this will significantly prevent the occurrence of single persons’ discount frauds.

**National Fraud Initiative 2012/13**

Although the Audit Commission is soon to be disbanded, it is understood that the NFI exercise will continue, but be managed by another body, probably the National Fraud Authority. The NFI 2012/13 exercise is now under way. Matches will be investigated throughout 2012 and 2013.

**5 REPORTING YOUR CONCERNS**

If you have any concerns report your suspicions as quickly as possible together with the relevant details. You can report any concerns to the Chief Internal Auditor on Rotherham 382121 Ext. 23297 or the Director of Legal and Democratic Services on Ext. 55768.

Alternatively you may prefer to put your suspicions in writing to the Director of Internal Audit and Asset Management, Resources Directorate, Riverside House, Main Street, Rotherham S60 1AE.

The Council would prefer you not to provide information anonymously as any subsequent investigation could be compromised if we cannot contact you to help gain a full understanding of the issues. However, we will still consider anonymous information that is received.

All reported suspicions will be dealt with sensitively and confidentially.

If you wish to report any suspicions in relation to Benefit Fraud ring the Fraud Hotline for free on 0800 028 2080.



**ROTHERHAM BOROUGH COUNCIL**  
**REPORT TO CABINET MEMBER MEETING**

<b>1.</b>	<b>Meeting:</b>	<b>Deputy Leader</b>
<b>2.</b>	<b>Date:</b>	<b>10<sup>th</sup> September 2012</b>
<b>3.</b>	<b>Title:</b>	<b>Employee Benefits</b>
<b>4.</b>	<b>Directorate:</b>	<b>Resources</b>

#### **5. Summary**

This report provides information regarding the introduction of an employee voluntary benefit scheme.

#### **6. Recommendations**

**The the Deputy Leader is asked to support the consolidation of the Council's employee benefit offerings in a new combined scheme using the Eastern Shires Purchasing Organisation framework.**

## 7. Proposals and Details

### Background

The national position on public sector pay freezes has resulted in the Council's workforce not receiving a pay award since 1<sup>st</sup> April 2009 (Chief Officer's since 1<sup>st</sup> April 2008).

To help employees recognise the Council as a 'good' employer and to help pay stretch further the Council provides employees with the option to take advantage of a number of flexible benefits. For example tax efficient salary sacrifice schemes are currently offered for Childcare Vouchers, car parking and, car leasing. These salary sacrifice schemes not only save the employee money through reduced Tax and National Insurance contributions but also the Council, £120k in 2011/12.

Employee's further benefits include additional leave purchase, access to local shop discounts and discounts at national chains on the nationally-run 'Local Authorities discount' website.

These additional voluntary benefit schemes typically comprise of a selection of a range of products and services paid for by staff out of their own taxed income are popular both in the private and public sectors. Providers working in this market place use their buying power to secure discounts on a wider range of different products and services for companies to offer to their staff. Some examples of these additional benefits include retail vouchers, supermarket discounts, CD's, DVD's, travel insurance, holidays and travel, cinema and theatre tickets, entrance to theme parks and other attractions.

The Eastern Shires Purchasing Organisation (ESPO), a local authority purchasing consortium operating through the Midlands and East of England, has established a framework agreement which allows local authorities to introduce a variety of employee benefits without the need for any lengthy EU procurement procedures.

Benefits currently on offer through the agreement branded as 'Wider Wallet' include discounts in respect of major high street chains and entertainment providers such as Argos 6%, ASDA 4%, BHS 8%, M&S 5%, and WH Smith 8%, Cineworld 10%, Disney on Ice 20% and iTunes 5%, . These savings are delivered in a variety of ways such as voucher purchase, cash back on purchases or charge cards which can be topped up by employees on an as and when basis.

Childcare Vouchers are a core element of the framework and the designated provider of this service within the agreement is Kiddivouchers. This company is the Council's existing Childcare Voucher provider. Any signatory to the agreement will be offered a reduced administrative charge by Kiddivouchers. Currently the Council pays Kiddivouchers a 2.1% administrative charge but this will be reduced by them to just 1% effective from the date of entering into the framework agreement.

The ESPO scheme has a one off set up cost of £2,500 which would be offset by the reduced cost of providing Childcare Vouchers through the framework. Annual ongoing costs of £0.30 per employee (leading competitor recently quoted us £8 per head) are also waived whilst ever we use the child care provider included in the framework.

The Council's existing contract with Kiddivouchers is due to expire in September of this year meaning that another formal tendering process would be required. Introducing the framework would therefore negate the need to re-tender for a child care voucher provider and avoid the time resource investment and associated costs that would have been incurred with such an exercise.

The launch of the framework will provide an opportunity to publicise our existing employee benefits and help to offset any negative perceptions generated by ongoing pay restraint and local measures such as the increment freeze.

Cabinet Member is asked to approve the introduction of the ESPO voluntary benefits scheme.

## **8. Finance**

There are no financial implications from the introduction of the ESPO voluntary benefits scheme. The reduced Childcare Voucher administrative charge, estimated to save the Council £6k per annum, will more than cover any administrative implementation costs in the first year without any further costs thereafter.

The salary sacrifice and benefit arrangements currently in place help to reduce the Council's Employer National Insurance contributions. In 2011/12 this contributed to saving the Council around £120k.

## **9. Risks and Uncertainties**

A failure to introduce effective pay and rewards will impact upon the Council's ability to recruit, retain and motivate employees.

## **10. Policy and Performance Agenda Implications**

The way we do business: Right people, right skills, right place, right time, reducing bureaucracy and getting better value for money.

## **11. Background Papers and Consultation**

- a) SLT Budget Reports
- b) LGE National Pay Award negotiations

**Contact Name:**

**Phil Howe  
Director of Human Resources  
Ext. 23716**

**10th July 2012**

<b>ROTHERHAM BOROUGH COUNCIL – REPORT TO MEMBERS</b>
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<b>1.</b>	<b>Meeting:</b>	Deputy Leader
<b>2.</b>	<b>Date:</b>	10 <sup>th</sup> September 2012
<b>3.</b>	<b>Title:</b>	Localism Act Update
<b>4.</b>	<b>Directorate:</b>	Resources

### 5. Summary

This report provides an update, detailing the commencement of the Act to date; highlighting key issues arising from specific provisions in the Act; and the process of engagement of members in addressing the issues identified and determining ways forward for RMBC.

### 6. Recommendations

**That the Deputy Leader consider the implications of the Localism Act 2011, in particular the following:**

- (i) Council Tax referendum trigger as part of the broader changes to local government finance**
  - (ii) Preferred approach to consider “right to challenge” submissions**
  - (iii) Neighbourhood planning in the context of the Council’s local plan**
  - (iv) Approaches to tenure reform as part of developing the Council’s Tenancy Strategy**
  - (v) Any opportunities arising from “assets of community value”**
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## 7. Proposals and Details

Following Royal Assent to the Act on November 15<sup>th</sup> 2011, the provisions are being commenced over a period of time. Most of the provisions have now been brought into force or dates have been announced for commencement. However, where provisions have been made enabling the government to provide further detail in Regulations, in some cases no Regulations have yet been made.

Given the cross-cutting nature of this Act, the Council has taken a co-ordinated approach to assessing the issues arising whilst the Bill was passing through parliament. This has involved a series of reports and members seminars to highlight the provisions and enable early discussions, including with M3 managers, parish councils and the voluntary & community sector.

Since the passing of the Act, there has continued to be a whole Council approach, facilitating detailed reports and briefings to be made including:

- Detailed reports to Cabinet Members on the issues arising within their portfolio;
- Reports to Standards Committee and Rotherham Audit Chairs;
- Report to Cabinet;
- Further reports to Scrutiny (Overview & Scrutiny Management Board);`
- A further programme of members' seminars, this time each one focussing on part of the Act; and
- Information sessions for managers.

The four key parts of the Act that require the attention of the Council at this stage are set out below.

### **Council Tax**

The Act provides that each year, as part of announcing the local government provisional finance settlement the Government will set out principles and calculations that will determine an amount of Council Tax to be raised by each authority, above which the increase will be regarded to be "excessive". The Government will be able to apply different principles to different classes of authority. Where an authority proposes to adopt a budget that would require an "excessive" increase in Council Tax, that increase would require approval in a referendum. Where an "excessive" increase is proposed by a "major precepting authority (Fire; Police); or a local precepting authority (parish council) it would be for the Council as the billing authority to make arrangements for the referendum. In all cases, a reserve budget meeting the Government's principles and calculations would need to be in place to be implemented should a referendum reject an "excessive" increase in Council Tax. Regulations will make provisions about the holding of referendums.

Whilst the Council accepted the government's financial incentive in setting the last two budgets to freeze Council Tax, it is unlikely that any freeze incentives will be offered in future years. For the last budget setting the government announced a 3.5% referendum trigger for the Council and 4% for major precepting authorities. No trigger threshold was set for parish councils increases last year and it is unclear when the government will apply this to parishes.

**It will be reasonable to assume at this stage that the trigger threshold will be set again at 3.5% in the coming budget round. However, it should also be recognised that the proposals for Local Council Tax Reduction Schemes to replace Council Tax Benefit will reduce the Council Tax Base and consequently the yield of any percentage increase in Council Tax.**

**The Council will need to be aware of the trigger percentage for a referendum set by the government when setting the Council Tax level next year.**

### **Community Right to Challenge**

CRC (Community Right to Challenge) provides that people will be able to express an interest in taking over the running of a council service e.g. voluntary and community organisations; charities; parish councils etc. The community right to challenge applies to all relevant services. A relevant service is a service provided by or on behalf of a relevant authority in the exercise of its functions in relation to England, except services which are excluded (listed below).

#### **Those services excluded from the CRC**

- Relevant services commissioned in conjunction with one or more health services or commissioned by an NHS body on behalf of the Council are excluded until 1<sup>st</sup> April 2014.
- A relevant service commissioned or provided by a relevant authority in respect of a named person with complex individual health or social care needs.
- Where relevant children's centre services have been commissioned jointly by a local authority and an NHS body or by the NHS on behalf of the local authority, these services will be excluded from the right temporarily until April 2014.
- Services which are commissioned and managed by individuals or their representatives using direct payments

The Community Right to Challenge provisions of the Localism Act 2011 commenced on 27<sup>th</sup> June 2012.

### **RMBC Approach to CRC**

The Commissioning and Procurement Team have been preparing a summary from the Forward Procurement Plan/Contracts Register of:

- All existing contracted services,
- The nature of the business commissioned/procured,
- The expiry date of the contract.

This forms the key data set to allow potential suppliers/ providers to express interest in delivering future services for the Council.

The Commissioning and Procurement Team is working with Council Directorates to make sure that the central database is updated regularly with accurate, transparent, and robust information. A checklist is being produced for officers who are

approached with Expressions of Interest from suppliers/providers, to make sure we are complying with the Act.

**A published “Future Contracts Opportunities” list and very clear procurement pathways for interested providers will satisfy some of the conditions imposed on Councils by the Act – and will hopefully avoid inappropriate Expressions of Interest’s coming through to the Council, needing responses within mandatory timeframes.**

**A preferred way forward would be to open up for expressions of interest in a 3 month period rather than to a strict timetable which relates to the commissioning process as this would create serious administrative difficulties.**

Some local authorities have adopted a wait and see approach, while others are publishing some information on their procurement timetables with a caveat that they will consider all Expression of Interests as contracts are renewed. We intend to continue to publicise the providers/suppliers with whom we have a formal contracted service with basic information around value of contract, commencement and expiry dates, and we will make sure this is accurate and updated regularly. This will allow potential providers to bid for services as they are renewed.

### **Development of Neighbourhood Plans**

the purpose of neighbourhood planning is to secure new development through reducing the burdens of the full planning process. Parishes and neighbourhood forums can use neighbourhood planning to:

- develop a shared vision for their neighbourhood
- set planning policies for the development and use of land
- give planning permission through Neighbourhood Development Orders and Community Right to Build Orders

Neighbourhood plans need to compliment our emerging Local Plan and as any parish could commence a neighbourhood plan now, timing will be crucial. Our decisions on when to hold a referendum could be key if we have a neighbourhood plan before our own local plan is in place.

### **The risk is a delay to the local plan if resources are diverted to support one or more neighbourhood plans**

The government have recently announced that over the next three years there will be £30m of funding available to community organisations to contribute to the costs of preparing Neighbourhood Development Orders.. Pilot areas have demonstrated that the cost of producing such an Order to be at least £20k.

### **Community Right to Build**

A Community Right to Build Order allows certain community organisations along with a developer to bring forward smaller-scale development on a specific site, without the need for planning permission. This gives communities the freedom to develop,

for instance, small-scale housing and other facilities that they want. In order to bring forward a Community Right to Build Order, members of a community will need to form a formal organisation with the purpose of furthering the interests of the local community. If more than 50 per cent of people in the defined neighbourhood support a Community Right to Build Order in a local referendum, then the local planning authority must grant permission.

**A person will be entitled to vote in a referendum if they are a local government elector for the parish or defined neighbourhood, however, where there is a designated business area in the area covered by the proposed Neighbourhood Plan or Order, there will have to be an additional referendum in which business rate payers will be entitled to vote.**

The government have recently announced that over the next three years there will be £17m of funding available to contribute to the costs of communities preparing submissions for Community Right to Build Orders.

### **Housing**

- **Allocations-** we can set our own policies/criteria in respect of who should qualify to go on the Housing Register. i.e. Allocate on Need. RMBC carrying out consultation on this.
- **Tenure Reform-** will provide for flexible tenancies, no more secure tenancies that people are familiar with. The changes will only apply to new tenants. Currently out to consultation locally before deciding whether to implement it

**The Council will be required to adopt a new Tenancy Strategy by January 2013 to incorporate the changes. There will also be changes to dealing with homeless people where the homeless duty will have been discharged by offering housing for homeless people in private sector accommodation, this being classed as a “reasonable offer” in future. The changed homelessness provisions have not yet commenced, but are expected to in the autumn.**

Changes to a new local housing revenue account became effective from April 2012 along with the requirement for a 30 year investment strategy.

### **Assets of Community Value**

We will have to maintain a list of assets of community value, which could be buildings or land. Assets need not belong to the Council, but could be a pub or post office for example. Regulations will set out what qualifies or otherwise for inclusion in the list. Parish councils and community and voluntary organisations with a local connection will be able to nominate land and buildings to be included in the list. Regulations will establish the definition of “local connection”. Owners will be able to appeal against inclusion in the list. Assets will be included on the list for five years and may be removed after that. There is currently no commencement date for these provisions. There is a risk of confusion between these provisions of the Act and local policies relating to asset transfer.



Essentially, this will create a new administrative burden for the Council. The extent of the burden will be commensurate with the number of nominations to the list received, together with the number and complexity of appeals from owners and the number of assets offered for sale for which community organisations would have the right to buy.

**There is still no commencement date for this provision. It was expected to have commenced by June but is now expected in the autumn. Notwithstanding that there is no requirement for the Council to be pro-active, there may be opportunities to support communities in bringing assets into productive use arising from these new provisions.**

## **8. Finance**

There are financial issues arising from the Act including the potential for “new burdens” not previously identified in government impact assessments, and some for provisions of the Act to have been potentially misrepresented. The latter includes the impression given that local authorities have been freed-up to give business rates discounts, whereas state aid rules apply and the requirement to have regard to the interests of council tax payers, who would effectively have to meet the costs of any discounts given.

The greater potential financial issue at this stage relates to neighbourhood planning and covering the costs of inspection and referendum. Notwithstanding that the Government has made provision to provide financial support for neighbourhood planning, debate during the passage of the Bill specifically covered the issue of the recovery of costs by local authorities and there being no new financial burden. Consequently, the Act enables the government to make Regulations to for local authorities to levy charges and the neighbourhood planning impact assessment identifies that local authorities will recover costs from neighbourhood plan promoters. Debate on the Bill suggested that the costs of inspection and referendum would be met by developers when the new development provided for by the Neighbourhood Development Order is commenced. However, no Regulations have been made providing for levying charges, and advice recently received by the Council from civil servants suggests that the Council will have to meet all the costs, an apparent direct contradiction to assurances given to Parliament in the passing of the Bill.

## **9. Risks and Uncertainties**

Many of the provisions of the Act have now been implemented. The main areas of risk remain those provisions where it is not possible to fully assess impact. These are mainly around planning; community right to challenge; and assets of community value. Some coverage in the media, including government statements may confuse the provisions of this Act with the provisions of the Local Government Finance Bill, currently before parliament, especially around statements covering business rates.

The programme of reporting will mitigate any risks arising from the uncertainties by ensuring that fully detailed reports for decision are made in a timely manner. The overall risks arising are monitored as part of the Council’s corporate risk register.

## **10. Policy and Performance Agenda Implications**

The Act should not be seen in policy isolation from other government legislation that impact on the Council, especially around changes in health and welfare reform; changes to local government finance and policy development for social care.

## **11. Background Papers and Consultation**

Following previous reports to Cabinet and scrutiny, it was resolved that a series of seminars and workshops for members; parish councils and the voluntary and community sector should be held to enable them to consider and comment on specific aspects of the Act. Further workshops will be held covering further developments in the implementation of the provisions of the Act, and reports made as appropriate.

### **Background papers**

Localism Act 2011 (c. 20)

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